

Exhibit 6C

July 14, 2014 R. Cline Deposition Transcript

<p style="text-align: right;">Page 1</p> <p>1 IN THE UNITED STATES BANKRUPTCY COURT 2 FOR THE EASTERN DISTRICT OF MICHIGAN 3 4 5 6 In Re:) Chapter 9 7 CITY of DETROIT, MICHIGAN,) Case No. 13-53846 8 Debtor.) Hon. Steven Rhodes 9 <hr style="width: 20%; margin-left: 0;"/> 10 11 12 The Videotaped Deposition of ROBERT CLINE, 13 Taken at Jones Day 14 51 Louisiana Avenue, NW 15 Washington, DC 16 Commencing at 9:05 a.m. 17 Monday July 14, 2014, 18 Before Marjorie Peters, RMR, CRR 19 20 21 22 23 24 25</p>	<p style="text-align: left;">Page 3</p> <p>1 For Creditor National Public Finance Guarantee Corp. 2 3 JEFFREY S. BEELAERT, ESQ. 4 SIDLEY AUSTIN, LLP 5 1501 K Street, N.W. 6 Washington D.C. 20005 7 For Creditor Financial Guaranty Insurance Company: 8 PRAVIN R. PATEL, ESQ. 9 WEIL GOTSHAL & MANGES, LLP 10 1395 Brickell Avenue 11 Suite 1200 12 Miami, Florida 33131 13 Also Appearing: 14 Jonathan Perry, Videographer 15 Marguerette Hosbach, Ernst & Young, via telephone 16 17 18 19 20 21 22 23 24 25</p>																																																				
<p style="text-align: center;">Page 2</p> <p>1 APPEARANCES: 2 For the Debtor City of Detroit and the witness: 3 GEOFFREY S. STEWART, ESQ., 4 SARAH A. HUNGER, ESQ., 5 CHRISTOPHER DIPIOMPEO, ESQ. 6 JONES DAY 7 51 Louisiana Avenue, N.W. 8 Washington, D.C. 20001-2113 9 10 For the Official Committee of Retirees: 11 DAN BARNOWSKI, ESQ. 12 DENTONS US, LLP 13 1301 K Street, N.W. 14 Suite 600, East Tower 15 Washington, D.C. 20005-3364 16 17 For Syncora Guarantee, Inc., and Syncora Capital 18 Assurance, Inc. 19 DOUGLAS G. SMITH, P.C. 20 KIRKLAND & ELLIS, LLP 21 300 North LaSalle 22 Chicago, Illinois 60654 23 24 For Creditor Assured Guaranty: 25 LISA SCHAPIRA, ESQ. 26 CHADBOURNE & PARKE, LLP 27 30 Rockefeller Plaza 28 New York, New York 10112 29 30</p>	<p style="text-align: center;">Page 4</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%; text-align: left; padding-bottom: 5px;">I N D E X</th> <th style="width: 20%; text-align: right; vertical-align: bottom;">PAGE</th> </tr> </thead> <tbody> <tr> <td style="padding-bottom: 5px;">1 WITNESS</td> <td style="text-align: right; vertical-align: bottom;">6</td> </tr> <tr> <td style="padding-bottom: 5px;">2 Robert Cline</td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> <tr> <td style="padding-bottom: 5px;">3 EXHIBITS</td> <td style="text-align: right; vertical-align: bottom;">PAGE</td> </tr> <tr> <td style="padding-bottom: 5px;">4 Exhibit No. 1</td> <td style="text-align: right; vertical-align: bottom;">112</td> </tr> <tr> <td style="padding-bottom: 5px;">5 Exhibit No. 2</td> <td style="text-align: right; vertical-align: bottom;">149</td> </tr> <tr> <td style="padding-bottom: 5px;">6 Exhibit No. 3</td> <td style="text-align: right; vertical-align: bottom;">164</td> </tr> <tr> <td style="padding-bottom: 5px;">7 Exhibit No. 4</td> <td style="text-align: right; vertical-align: bottom;">179</td> </tr> <tr> <td style="padding-bottom: 5px;">8 Exhibit No. 5</td> <td style="text-align: right; vertical-align: bottom;">278</td> </tr> <tr> <td style="padding-bottom: 5px;">9 Exhibit No. 6</td> <td style="text-align: right; vertical-align: bottom;">280</td> </tr> <tr> <td style="padding-bottom: 5px;">10 Exhibit No. 7</td> <td style="text-align: right; vertical-align: bottom;">281</td> </tr> <tr> <td style="padding-bottom: 5px;">11 Exhibit No. 8</td> <td style="text-align: right; vertical-align: bottom;">285</td> </tr> <tr> <td style="padding-bottom: 5px;">12 Exhibit No. 9</td> <td style="text-align: right; vertical-align: bottom;">292</td> </tr> <tr> <td style="padding-bottom: 5px;">13 </td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> <tr> <td style="padding-bottom: 5px;">14 </td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> <tr> <td style="padding-bottom: 5px;">15 </td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> <tr> <td style="padding-bottom: 5px;">16 </td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> <tr> <td style="padding-bottom: 5px;">17 </td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> <tr> <td style="padding-bottom: 5px;">18 </td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> <tr> <td style="padding-bottom: 5px;">19 </td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> <tr> <td style="padding-bottom: 5px;">20 </td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> <tr> <td style="padding-bottom: 5px;">21 </td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> <tr> <td style="padding-bottom: 5px;">22 </td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> <tr> <td style="padding-bottom: 5px;">23 </td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> <tr> <td style="padding-bottom: 5px;">24 </td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> <tr> <td style="padding-bottom: 5px;">25 </td> <td style="text-align: right; vertical-align: bottom;"></td> </tr> </tbody> </table>	I N D E X	PAGE	1 WITNESS	6	2 Robert Cline		3 EXHIBITS	PAGE	4 Exhibit No. 1	112	5 Exhibit No. 2	149	6 Exhibit No. 3	164	7 Exhibit No. 4	179	8 Exhibit No. 5	278	9 Exhibit No. 6	280	10 Exhibit No. 7	281	11 Exhibit No. 8	285	12 Exhibit No. 9	292	13		14		15		16		17		18		19		20		21		22		23		24		25	
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<p style="text-align: right;">Page 93</p> <p>1 R. CLINE</p> <p>2 change of any underlying economics of the City of</p> <p>3 Detroit.</p> <p>4 Q. But the City can take actions that would</p> <p>5 change the underlying economics without going into</p> <p>6 Chapter 9, correct?</p> <p>7 A. I don't know the answer to that.</p> <p>8 Q. Okay. As far as you're aware, though, your</p> <p>9 baseline scenario is not trying to forecast what would</p> <p>10 happen if the petition for bankruptcy was dismissed?</p> <p>11 A. I would describe our baseline forecast as a</p> <p>12 continuation of the trends that have been affecting</p> <p>13 Detroit over the last 10 years to 20 years.</p> <p>14 Q. And has anybody from the City told you that</p> <p>15 they're going to allow the trends that have continued to</p> <p>16 continue into the future?</p> <p>17 A. I haven't had those conversations myself.</p> <p>18 Q. I mean, do you have any understanding about</p> <p>19 why you have this baseline scenario in your report?</p> <p>20 A. My understanding is that the baseline scenario</p> <p>21 reflects expected revenue streams under current law in a</p> <p>22 continuation of recent economics in the City of Detroit.</p> <p>23 Q. Do you have any understanding of what</p> <p>24 activities the City will or will not perform in the</p> <p>25 baseline scenario?</p>	<p style="text-align: right;">Page 95</p> <p>1 R. CLINE</p> <p>2 not offering an opinion that raising tax rates would be</p> <p>3 unreasonable, correct?</p> <p>4 A. I'm not commenting on any tax policy options</p> <p>5 available to the City of Detroit.</p> <p>6 Q. You know that question -- there could be a yes</p> <p>7 or no answer to that question, right?</p> <p>8 A. My perspective is that we were asked to do</p> <p>9 revenue forecasts of the major revenue sources under</p> <p>10 current law. We were not asked nor did I volunteer</p> <p>11 information on alternatives available to the City of</p> <p>12 Detroit.</p> <p>13 Q. Okay. So, you haven't done any work that will</p> <p>14 allow you to testify that raising tax rates would be</p> <p>15 unreasonable or inappropriate, correct?</p> <p>16 A. I have not.</p> <p>17 Q. And you haven't done any work that says that</p> <p>18 increasing tax revenues through increased collections</p> <p>19 would be --</p> <p>20 (Telephone interruption.)</p> <p>21 MR. STEWART: Just hit one. Thanks.</p> <p>22 BY MR. SMITH:</p> <p>23 Q. -- inappropriate or not feasible, correct?</p> <p>24 A. He we have not evaluated tax policy</p> <p>25 opportunities -- alternatives for Detroit.</p>
<p style="text-align: right;">Page 94</p> <p>1 R. CLINE</p> <p>2 A. I do not.</p> <p>3 Q. Do you have any understanding of what</p> <p>4 activities the City will or will not perform in the</p> <p>5 restructuring scenario?</p> <p>6 A. I do not know the specifics of any</p> <p>7 alternatives.</p> <p>8 Q. Would raising the income tax rate be a</p> <p>9 reasonable policy for the City of Detroit?</p> <p>10 A. I can't comment on the policy options for</p> <p>11 Detroit. We were not asked to evaluate those as part of</p> <p>12 our analysis.</p> <p>13 Q. And so, you're offering no opinion that</p> <p>14 raising the income tax rate or property tax rates or</p> <p>15 utility tax rates or wagering tax rates or any of the</p> <p>16 other rates would be inappropriate or unreasonable,</p> <p>17 correct?</p> <p>18 A. We were not asked to evaluate any tax policy</p> <p>19 alternatives for the City of Detroit.</p> <p>20 Q. So, you're not offering any opinion saying</p> <p>21 that raising tax rates would be unreasonable, correct?</p> <p>22 A. I'm not commenting on policy options for the</p> <p>23 City of Detroit.</p> <p>24 Q. So, you're not offering -- I'm just trying to</p> <p>25 get an idea of what opinions you're offering. So, you're</p>	<p style="text-align: right;">Page 96</p> <p>1 R. CLINE</p> <p>2 Q. And you haven't done any work that would allow</p> <p>3 you to testify that Detroit couldn't just add new taxes,</p> <p>4 correct?</p> <p>5 A. We have not.</p> <p>6 Q. And you haven't done any work that would allow</p> <p>7 you to testify that Detroit couldn't generate significant</p> <p>8 additional revenue by either adding new taxes or</p> <p>9 increasing tax rates?</p> <p>10 MR. STEWART: Objection.</p> <p>11 MR. SMITH: Correct?</p> <p>12 THE WITNESS: We were not asked to look at</p> <p>13 policy options for the City of Detroit.</p> <p>14 BY MR. SMITH:</p> <p>15 Q. And so, you haven't done any work that would</p> <p>16 allow you to testify that Detroit can't generate</p> <p>17 significant increased revenue through either increasing</p> <p>18 tax rates, increasing collections, or adding new taxes,</p> <p>19 correct?</p> <p>20 MR. STEWART: Objection.</p> <p>21 THE WITNESS: I think there may have been a</p> <p>22 double negative in there. Could you repeat the</p> <p>23 question?</p> <p>24 BY MR. SMITH:</p> <p>25 Q. You haven't done any work that will allow you</p>

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<p style="text-align: right;">Page 97</p> <p>1 R. CLINE 2 to testify that Detroit can't significantly increase 3 revenues by increasing tax rates or increasing tax 4 collections or by adding new taxes, correct? 5 MR. STEWART: Objection. 6 THE WITNESS: We have done no analysis -- 7 excuse me. 8 MR. STEWART: Go ahead. 9 THE WITNESS: We have done no analysis on 10 tax policy options in Detroit. 11 BY MR. SMITH: 12 Q. So, the answer is correct, correct? A. I am still having -- 14 MR. STEWART: Reread the question. 15 THE WITNESS: Please, reread the question, 16 I think the double negative is still there. 17 (The record was read back by the reporter.) 18 THE WITNESS: I believe the correct answer 19 to that question is, as I mentioned, we have looked 20 at the collection rate of the property tax. We 21 calculated an effective collection rate, and we did 22 use that in our forecast. 23 We did not -- were not asked to and did not 24 provide forecasts under alternative policy options, 25 whether it's a tax rate change or adoption of a new</p>	<p style="text-align: right;">Page 99</p> <p>1 R. CLINE 2 question, please. 3 (The record was read back by the reporter.) 4 THE WITNESS: We accepted the current law 5 tax rates as what was available to Detroit. To the 6 extent that Detroit is at the maximum, and I 7 believe it may be the case for all of those tax 8 rates, it would imply that under current law, that 9 option is not available. 10 BY MR. SMITH: 11 Q. But current law can change, correct? A. Correct. 13 Q. And you would agree with me that if current 14 law changes, Detroit can increase tax revenue 15 significantly by increasing tax rates, correct? 16 MR. STEWART: Objection. 17 THE WITNESS: It is true that an increased 18 rate, with no offsetting decrease in the base, 19 could increase revenue, but if you were going to 20 forecast the increase of a tax rate in Detroit, you 21 would also have to forecast the potential decrease 22 in the tax base with mobile people and investment. 23 BY MR. SMITH: 24 Q. And so, sitting here today, you haven't done 25 the work that would allow you to testify that increasing</p>
<p style="text-align: right;">Page 98</p> <p>1 R. CLINE 2 tax, or change, in the base of an existing tax. 3 BY MR. SMITH: 4 Q. So, you -- Ernst & Young concluded that the 5 City could increase property tax revenues by increasing 6 collections, correct? A. In our forecast of the property tax revenues, we did vary the collection rate over time. 9 Q. And you increased the collection rate; is that 10 correct, or do you not know? A. From what I remember, we may have brought the collection rate down, in the intermediate run, and then brought it back up in the longer run. 14 Q. Okay. But you haven't -- you haven't done any 15 work that would allow you to testify that Detroit can't 16 significantly increase revenues by increasing tax rates, 17 correct? 18 MR. STEWART: Objection. 19 THE WITNESS: All of our revenue estimates 20 are based upon current law rates. 21 BY MR. SMITH: 22 Q. So, the answer to my question is correct? You 23 haven't done the work? 24 MR. STEWART: Objection. 25 THE WITNESS: Could you repeat the</p>	<p style="text-align: right;">Page 100</p> <p>1 R. CLINE 2 tax rates wouldn't result in significant additional 3 revenue for the City of Detroit, correct? 4 MR. STEWART: Objection. 5 THE WITNESS: As I believe I've answered 6 several times, we did not evaluate alternative 7 policies. We is accepted current law as the 8 foundation for our forecast. 9 BY MR. SMITH: 10 Q. Okay. So the answer is correct, you didn't do 11 that work, correct? A. Would you rephrase the question. 13 Q. You didn't do any work that would allow you to 14 testify that by increasing tax rates, Detroit would not 15 increase substantially its tax revenues? 16 MR. STEWART: Objection. 17 THE WITNESS: We did not run alternatives 18 with our model at different tax rates. 19 BY MR. SMITH: 20 Q. That's something that you could have done, 21 right? That's technically feasible for you to do, 22 correct? A. We were not asked to do that analysis. 24 Q. Okay. But is it technically feasible for you 25 to do an analysis like that?</p>

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<p style="text-align: right;">Page 101</p> <p>1 R. CLINE</p> <p>2 A. We would have to do additional work compared 3 to what we have done to this point, because as I 4 mentioned, it's not just changing the rate, it's also 5 understanding the behavioral response of the base in 6 response to the change in the rate. We are not set up to 7 do that in our current runs.</p> <p>8 Q. And you also haven't done the work that would 9 allow you to testify that Detroit couldn't significantly 10 increase revenues by adding new taxes, correct?</p> <p>11 A. We have not analyzed the addition of new 12 revenue sources for Detroit.</p> <p>13 Q. Okay. The -- one potential new revenue source 14 would be imposing the commuter tax, correct? That's a 15 reasonable --</p> <p>16 A. I don't know if it's legally available to 17 Detroit as an option.</p> <p>18 Q. Okay. But imposing a commuter tax is 19 something that the City could either do by itself or in 20 conjunction with the State, correct?</p> <p>21 A. I don't know the answer to that.</p> <p>22 Q. Okay. So, you haven't investigated whether 23 Detroit could add a commuter tax, correct?</p> <p>24 A. I have not.</p> <p>25 Q. All right. Another potential -- that you know</p>	<p style="text-align: right;">Page 103</p> <p>1 R. CLINE</p> <p>2 revenue options for the City of Detroit.</p> <p>3 Q. Okay. You only did the work that you were 4 asked by the lawyers for the City to do, correct?</p> <p>5 MR. STEWART: Objection.</p> <p>6 THE WITNESS: We were given an assignment 7 by Ernst & Young to provide a revenue estimate of 8 the major tax sources for the City of Detroit over 9 the next 10 years. Then it was expanded to an 10 additional 30-year perspective. That is the job 11 that we were asked to do, and that is what we did 12 and is reported on in the expert report.</p> <p>13 BY MR. SMITH:</p> <p>14 Q. Who asked you to do that job?</p> <p>15 A. That was a -- we were retained by the Ernst & 16 Young team working in Detroit.</p> <p>17 Q. Okay. So, it wasn't Mr. Malhotra that gave 18 you the scope of the work that you were to perform in 19 this case?</p> <p>20 A. I believe our initial discussions of the scope 21 of the work did come from him.</p> <p>22 Q. Would it be fair to say that you haven't done 23 any analysis of the full range of potential revenue sources available to the City?</p> <p>25 MR. STEWART: Objection.</p>
<p style="text-align: right;">Page 102</p> <p>1 R. CLINE</p> <p>2 that there's cities, though, that have commuter taxes, 3 right?</p> <p>4 A. There are selected cities that tax 5 non-residents who are working in the city, as Detroit 6 does. Some at differential rates, some at the same rate.</p> <p>7 Q. Okay. And they do that through a variety of 8 mechanisms, correct?</p> <p>9 A. I believe they look basically like income 10 taxes.</p> <p>11 Q. And sometimes they're parking lot-type -- you 12 know, charges for fees for parking or other services that 13 might disproportionately fall on non-residents?</p> <p>14 MR. STEWART: Objection.</p> <p>15 THE WITNESS: I'm not familiar with the 16 details of those taxes.</p> <p>17 BY MR. SMITH:</p> <p>18 Q. All right. You know that some cities have a 19 city-only sales tax, correct?</p> <p>20 A. City-only sales tax. I believe that is the 21 case.</p> <p>22 Q. And you haven't investigated whether Detroit 23 could increase revenues by adding a city-only sales tax, 24 correct?</p> <p>25 A. As I answered earlier, we did not analyze any</p>	<p style="text-align: right;">Page 104</p> <p>1 R. CLINE</p> <p>2 THE WITNESS: We haven't done an analysis 3 of any of the revenue options available to the 4 City.</p> <p>5 BY MR. SMITH:</p> <p>6 Q. And that would include both tax and non-tax 7 revenue options?</p> <p>8 A. Correct.</p> <p>9 Q. I mean, if you were advising a City in 10 financial distress, what actions would you advise them to 11 take to increase revenue or cut costs?</p> <p>12 MR. STEWART: Objection.</p> <p>13 THE WITNESS: We are very careful in all of 14 our projects at Ernst & Young not to make policy 15 recommendations to governments.</p> <p>16 BY MR. SMITH:</p> <p>17 Q. Okay. So, Ernst & Young -- is it that you 18 don't have the qualifications to make policy 19 recommendations to governments or is there some other 20 reason that you don't do that?</p> <p>21 A. We don't do that because those are political 22 decisions. We don't make policy recommendations to 23 individual units of government.</p> <p>24 Q. So, ultimately, the amount of revenue 25 available to the City of Detroit and the amount of costs</p>

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